

TESTIMONY ON MONTGOMERY COUNTY'S HOUSING POLICY
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Montgomery Housing Partnership (MHP) is one of the leading builders of affordable housing in Montgomery County. MHP's success is due to its unique comprehensive approach – combining housing individuals, empowering families, and strengthening neighborhoods. We value our close working relationship with DHCA over the years and appreciate this opportunity to testify on the County's Housing Policy.

I. Goals

The need for affordable housing in Montgomery County has been increasing and is projected to rise over the next 20 years. As a result, the annual targets for developing affordable housing in the County's Housing Policy need to be increased. A study released in October by George Mason University's School of Public Affairs ("Housing the Region's Workforce") estimates that there will be a need in Montgomery County for 30,000 to 48,000 units of affordable housing in the next 20 years – which amounts 1,500 – 2,400 units per year.

II. Incorporate Recommendations from the County Executive's Task Force Recommendations into the County's Housing Policy

There is no magic bullet to achieve these targets – it isn't going to happen by any one new policy change or new program. It's going to require a comprehensive approach to reach these goals. In reviewing the County Executive's Affordable Housing Task Force Recommendations for this hearing, I was reminded that the task force did lay out a very comprehensive approach with a number of strong steps to further the goals of affordable housing for the County. Since the task force report was the County Executive's plan, the recommendations should be incorporated into the County's Housing Policy to officially become part of the County's policy going forward.

The Task Force report includes recommendations such as permitting accessory apartments without special exception review as well as other regulatory reforms; the creation of an Equity Fund which leverages County funding to bring in substantial amounts of private sector investments; the creation of an Acquisition Fund; looking at fees from commercial development or developing other dedicated funding sources for affordable housing; working proactively to preserve and maintain as much affordable housing as possible; developing and implementing an extensive community support education plan; and providing home purchase assistance for public employees. These are just a few of the many recommendations from the Task Force; which again recognizes that there isn't going to be just one approach to solving our affordable housing needs in this County.

All this is not to say DHCA is not working on this plan – you have implemented a number of the recommendations and are working on others. At the same time, though, I think it is important to

formally adopt this as part of the official County Housing Policy and garner the support of the County Council and other stakeholders in the County.

III. Adoption of a Set of Policies to Preserve Affordable Housing Around the Purple Line Stations

As you look to the develop the Housing Policy for the County, it would seem to me, it would be an opportune time to develop a set of policies that assists in the preservation of affordable housing in and around the proposed Purple Line stations in Montgomery County. Planning is well underway for the development of the Purple Line – even though its funding is a bit uncertain and implementation is still years away, now is an important time for the County to be thinking about how to preserve affordable housing around the Purple Line stations.

Currently, there are a number of apartment buildings that serve lower income residents in and around the proposed Purple Line stations, especially in the Long Branch area. These buildings could be lost to redevelopment. These are typically buildings with no income restrictions and no restrictions on rent; as a result, the creation of the Purple Line, without question, will increase rents and could ultimately displace many of these residents. As a matter of public policy, it is important for the County to find the right balance between allowing redevelopment to occur while preserving affordable housing for the residents who live there.

For example, one strategy might be to create a special fund to preserve affordable housing around the Purple Line stations. A growing number of jurisdictions around the country are beginning to create Transit Oriented Development funds in order to preserve affordable housing near new transit stops. A form of Tax Increment financing could be used to support the fund – for example, a bond could be issued for preservation purposes or for the creation of new affordable housing that would be paid back from a percentage of the increased property tax revenue created by all the new development in and around the transit stops. This is something I understand was done in Atlanta.

This is just one idea. There is a lot of creative thinking going on around the country on Transit Oriented Development and ways to preserve affordable housing as new transit lines are developed. It's important that the County develop a set of policies on this before it is too late. Studies demonstrate that the pressure on rents and land prices typically occur in anticipation of a new transit line – years before the actual lines are built.

Thank you again for this opportunity to testify.